

Preliminary for Review

MINUTES OF MEETING OF STATE BUILDING COMMISSION

EXECUTIVE SUB-COMMITTEE

OCTOBER 10, 2002

The State Building Commission Executive Subcommittee met this day in the House Hearing Room 29, Legislative Plaza, Nashville, Tennessee at 9:45 a.m. with the following members present.

STATE BUILDING COMMISSION SUB-COMMITTEE MEMBERS PRESENT

C. Warren Neel, Commissioner, Department of Finance and Administration
Riley Darnell, Secretary of State
John Morgan, Comptroller of the Treasury
Steve Adams, State Treasurer

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DEPARTMENT OF CORRECTION

Commissioner Neel called the meeting to order at 9:55 a.m. and recognized Commissioner Campbell who began a discussion of the proposed State contract with Hardeman County for Corrections Corporation of America (CCA) Whiteville Prison.

Commissioner Campbell stated that he was requesting that the Subcommittee move this proposed contract forward on the conditions set forth in the memorandum from the Select Oversight Committee on Corrections (SOCC) dated 10/10/02. He said they would like to move forward with the contract today but acknowledged it would not approve the actual commencement date that would be dependent upon compliance with the deficiencies referred to in the memorandum. Commissioner Neel stated that the facility would need to be brought in compliance to the satisfaction of the Department as well as those responsible for the signing of the contract.

Claire Drowota was recognized. She referred to the SOCC memorandum and said it was the interest of the officials that corrective actions be taken prior to any commencement services date for the acceptance of State inmates. Larry Kirk stated that the audit described 400+ elements of deficiencies with 90+ needing correction. Secretary Darnell said the Department needed to make an affirmative finding before any prisoners were placed in the institution and that confirmation transmitted both to the SBC and SOCC. Commissioner Neel

stated that, after he received the Department's response to CCA's compliance action and after Comptroller Morgan and he were in agreement, the contract could be executed. Commissioner Campbell stated that there may be some finding that might take more time for compliance but would not hinder his recommendation to proceed with the contract and commencement service date.

Treasurer Adams stated that the only reason this was before the Subcommittee was because there is a provision that the State could become owners of the facility. He added that although there may be 90+ elements of non-compliance, he was not sure that any pertain to the quality of the facility. Commissioner Campbell confirmed that they had to do with the operation of the facility. Treasurer Adams said that they have determined that the facility is okay. He said he thought Commissioner Neel, Comptroller Morgan and Commissioner Campbell could decide when they were in a position to sign a contract and when they were not. He said he was hesitant that the SBC act on operational issues. He then moved for approval, subject to Commissioner Neel and Comptroller Morgan signing the contract. Secretary Darnell added to the motion that approval would be based upon the understanding that the conditions contained in the SOCC memorandum had been met. The Committee then approved the motion as presented. Commissioner Neel commented that the Institution had recently received accreditation with a grade of 99.5%. Lieutenant Governor Wilder commented that he had visited the facility recently and felt proud of the job they were doing.

SBC Project No. 142/021-01-02

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There being no further business, the meeting adjourned at 10:04 a.m.

Preliminary for Review

MINUTES

STATE BUILDING COMMISSION MEETING

EXECUTIVE SUB-COMMITTEE

OCTOBER 21, 2002

2:00 P.M.

The State Building Commission Executive Sub-committee met this day in the Executive Conference Room, Ground Floor, State Capitol, Nashville, Tennessee.

STATE BUILDING COMMISSION SUB-COMMITTEE MEMBERS PRESENT

Steve Adams, State Treasurer
Riley Darnell, Secretary of State
John Morgan, Comptroller of the Treasury

STATE BUILDING COMMISSION SUB-COMMITTEE MEMBERS ABSENT

C. Warren Neel, Commissioner, Department of Finance and Administration

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Treasurer Adams called the meeting to order at 2:05 p.m. and requested action on the following matters as presented by State Architect Michael A. Fitts.

TENNESSEE BOARD OF REGENTS

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property and WAIVER of ADVERTISEMENT as required by TCA 12-2-115:

Location: **Washington County – 104 Dillon Court, Gray, TN – Trans. No. 02-09-903**

Purpose: To provide classroom, office, and related space for Northeast State Technical Community College's off-campus facility.

Term: November 1, 2002 thru October 31, 2007 (5 yrs.)

Proposed Amount: 10,153 Square Feet

Annual Contract Rent:	\$74,533.00	@\$7.34/sf
Est. Annual Utility Cost:	\$14,214.20	@\$1.40/sf
Est. Annual Janitorial Cost:	<u>\$11,168.30</u>	<u>@\$1.10/sf</u>
Total Annual Effective Cost:	\$99,915.50	@\$9.84/sf

Current Amount: 10,153 Square Feet

Annual Contract Rent:	\$74,533.00	@\$7.34/sf
Est. Annual Utility Cost:	\$14,214.20	@\$1.40/sf
Est. Annual Janitorial Cost:	<u>\$11,168.30</u>	<u>@\$1.10/sf</u>
Total Annual Effective Cost:	\$99,915.50	@\$9.84/sf

Type: Renewal - Negotiated

Lessor: Tittle & Tittle Construction Co. – Current Lessor

Comment: The proposed lease provides the State the sole option to purchase the facility and property for \$998,000.00 subject to availability of funds.

SSC Report: 10-14-02. Jerry Preston summarized the transaction. Mr. Preston stated that the owner of the property will give the last twelve (12) months of rent toward the purchase price of the building. Referred to Sub-committee with recommendation.

SC Action: 10-21-02. Charles Garrett summarized the transaction. Jerry Preston stated that the proposed lease contains the option to purchase any time after the first year. Approved. Final action.

TENNESSEE BOARD OF REGENTS

MOTLOW STATE COMMUNITY COLLEGE, LYNCHBURG, TENNESSEE

- 1) Approved a request for a revision in funding from \$1,805,000.00 to \$1,956,960.00 (a \$151,960.00 increase), and acknowledgment of the source of funding for **Nisbett Center Renovations** at Motlow State Community College in Lynchburg, and authorization to award a construction contract in the amount of \$1,668,410.00 to Shankle-Lind, LLC of Hermitage, based upon the low base bid received October 9th, 2002.

Revised Estimated Project Cost: **\$ 1,956,960.00**
SBC Project No. **166/021-01-00**

JACKSON STATE COMMUNITY COLLEGE, JACKSON, TENNESSEE

- 1) Approved a request for a revision in funding from \$200,000.00 to \$233,000.00 (a \$33,000.00 increase), and acknowledgment of the source of funding for **Chiller Emergency Replacement** at Jackson State Community College in Jackson, and authorization to award a construction contract in the amount of \$193,160.00 to Dunbar Mechanical of Memphis, based upon the low base bid received October 9th, 2002.

Revised Estimated Project Cost: **\$ 233,000.00**
SBC Project No. **166/019-01-02**

DEPARTMENT OF ENVIRONMENT & CONSERVATION

LAND ITEM

Review of a request for APPROVAL to ACQUIRE by EASEMENT, with WAIVER of APPRAISAL, required interest in the following real property:

Description:	<u>Hardeman County – Porters Creek Watershed District – Trans. No. 02-09-008 (CH)</u>
Purpose:	Acquisition by Easement of the infrastructure repair and maintenance to prevent clogging of the Hatchie River and preservation of the valuable bottomland hardwood timber by the West Tennessee River Basin Authority (WTRBA).
Estimated Cost:	Grant – Public Benefit
Owner(s):	Porters Creek Watershed District (PCWD)
Comment:	The PCWD will agree to transfer all available funds currently held by the PCWD (approximately \$130,000) to the WTRBA for exclusive use on the PCWD as needed in its maintenance and operation.
SSC Report:	10-14-02. David Salyers & Tom Callery summarized the transaction. No State dollars will be involved. Mr. Callery stated that if funding is not available the West Tennessee River Basin Authority will not be under any obligation to carry out the work described. Referred to Sub-committee for discussion.
SC Action:	10-21-02. Charles Garrett summarized the transaction and introduced David Salyers from West Tennessee River Basin Authority who stated that they would utilize the \$130,000 for maintenance and operations. Subcommittee approved the transaction as presented. Final action.

DEPARTMENT OF ENVIRONMENT & CONSERVATION

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: **Rutherford County – 20.0 +/- Acres (Three Tracts) – Manus Road Barrens – Trans. No. 02-09-006 (BM)**

Purpose: Acquisition in Fee for protection of the Pyne's Ground Plum. This site is one of only three known areas that contain the Pyne's Ground Plum, a Federal/State Endangered Plant, endemic to Tennessee and known to grow only in Rutherford County.

Source of Funding: \$23,200 - Federal Fund
\$34,800 – State Fund

Estimated Cost: Pending Appraisal

Estimated Title,
Appraisal and
Survey Fees: Pending Bid

Owner(s): Tim Henderson, John Price, and Charles Bowman

SSC Report: 10-14-02 Referred to Sub-committee with recommendation.

SC Action: 10-21-02. Reggie Reeves presented the request and defined the property proposed for purchase and discussed the endangered species, Pyne's Ground Plum. Subcommittee approved the request as presented. Final action.

DEPARTMENT OF ENVIRONMENT & CONSERVATION

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: **Stewart County – 18.79 +/- Acres – Fort Donelson National Military Park, Dover, TN – Trans. No. 02-09-005 (LW)**

Purpose: Acquisition in Fee of property adjacent to the Park for protection and preservation of the Fort Donelson Civil War Site and for future incorporation into the Fort Donelson National Battlefield Site.

Source of Funding: \$77,500 – Federal T-21 funds
\$12,575 – Civil War Preservation Trust

Estimated Cost: Pending Appraisal

Estimated Title,
Appraisal and
Survey Fees: Pending Bid

Owner(s): Various Owners

SSC Report: 10-14-02. Referred to Sub-committee with recommendation.

SC Action: 10-21-02. Fred Prouty summarized the transaction. He stated that there were no State dollars involved and that the federal T-21 funds along with the Civil War Preservation Trust would cover the costs. He added that this was adjacent to a federal park and the local government and federal government would take care of the property. Subcommittee approved the request as presented. Final action.

DEPARTMENT OF HEALTH

SPECIAL ITEM

Review of a request for APPROVAL to ENTER into LEASE NEGOTIATIONS for the rental of real property, with WAIVER of ADVERTISEMENT, as required by TCA 12-2-114 and 12-2-115:

The proposed lease negotiation is to provide replacement housing for the Upper Cumberland Regional Health Facility, Putnam County, Cookeville, TN, to include but not limited to the following terms and conditions:

- Approximately 24,500 Rentable Square Feet of office, clinic, pharmacy, and storage space
- 5 Year Lease with 1-five year option to renew
- No cancellation during the first 5 years except for cause and/or lack of funding and 180 days notice during the option period
- Negotiate an Option to Purchase
- Bring back to Sub-committee for final approval of the negotiated lease terms and conditions

SSC Report: 10-14-02. Referred to Sub-committee for discussion.

SC Action: 10-21-02. Charles Garrett summarized the transaction and requested approval to waive advertisement. He stated that the Commissioner for Health had moved all the employees out of the facility when they uncovered mold in the building. He added that her action may have been an overreaction. However, the perceived health hazard had driven the recommendation to negotiate for rental space to house the employees. He stated the Department had originally built the building on Tennessee Tech property and the Tennessee Board of Regents had immediate use for the facility if it was vacated. Treasurer Adams asked that an option to purchase be included in the agreement, and the request was approved with that understanding. Final action.

DEPARTMENT OF FINANCE & ADMINISTRATION

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: **Obion County – 1416-1418 Stad Avenue, Union City, TN – Trans. No. 02-02-917 (TH)**

Purpose: To provide office and related space for the Departments of Human Services, Children's Services and Labor & Workforce Development local operations.

Term: August 1, 2003 thru July 31, 2013 (10 yrs.)

Proposed Amount:	<u>11,800 Square Feet</u>		
	Annual Contract Rent:	\$109,900.00	@ \$ 9.31/sf
	Est. Annual Utility Cost:	\$ 16,520.00	@ \$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 12,980.00</u>	<u>@ \$ 1.10/sf</u>
	Total Annual Effective Cost:	\$139,400.00	@ \$11.81/sf

Current Amount:	<u>9,100 Square Feet</u>		
	Annual Contract Rent:	\$65,900.04	@ \$ 7.24/sf
	Est. Annual Utility Cost:	\$12,740.00	@ \$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$10,010.00</u>	<u>@ \$ 1.10/sf</u>
	Total Annual Effective Cost:	\$88,650.00	@ \$ 9.74/sf

Type: New Lease – Advertisement – Only Proposal

FRF Rate: \$10.25 Per Square Foot

Lessor: Pedigo-Union Properties, LP – Current Lessor

Comment: The proposed lease provides for the following: (1) the Lessor will construct a 2,700 square foot addition to the existing facility including interior tenant build-out at no additional cost to the State and (2) no cancellation during the first five years of the lease term except for cause and/or loss of funding and 180 days notice thereafter.

SSC Report: 10-14-02. Referred to Sub-committee with recommendation.

SC Action: 10-21-02. Charles Garrett presented the transaction for review and approval. Sub committee approved the request as presented. Final action.

DEPARTMENT OF FINANCE & ADMINISTRATION

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: **Sumner County – 393 Maple Street, Gallatin, TN – Trans. No. 01-12-906 (RS)**

Purpose: To provide office and related space for the Departments of Human Services and Children's Services local operations.

Term: September 1, 2003 thru August 31, 2013 (10 yrs.)

Proposed Amount: 18,523 Square Feet

Annual Contract Rent:	\$127,650.00	@\$6.89/sf
Est. Annual Utility Cost:	\$ 25,932.20	@\$1.40/sf
Est. Annual Janitorial Cost:	<u>\$ 20,375.30</u>	<u>@\$1.10/sf</u>
Total Annual Effective Cost:	\$173,957.50	@\$9.39/sf

Current Amount: 10,000 Square Feet

Annual Contract Rent:	\$52,000.00	@\$5.20/sf
Est. Annual Utility Cost:	\$14,000.00	@\$1.40/sf
Est. Annual Janitorial Cost:	<u>\$11,000.00</u>	<u>@\$1.10/sf</u>
Total Annual Effective Cost:	\$77,000.00	@\$7.70/sf

Type: New Lease – Advertisement - Second Lowest of (8) Proposal from (5) Proposers

FRF Rate: \$13.50 Per Square Foot

Lessor: Maple Street Properties, LLC

Comment: The proposed lease provides the Lessor will (1) provide 18,523 square feet of office and related space including interior tenant built-out at no additional cost to the State and (2) no cancellation during the first five years of the lease term except for cause and/or funding and 180 days notice thereafter.

SSC Report: 10-14-02. Referred to Sub-committee with recommendation.

SC Action: 10-21-02. Charles Garrett presented the transaction for review and approval. Sub committee approved the request as presented. Final action.

DEPARTMENT OF FINANCE & ADMINISTRATION

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL of interest in real property as required by TCA 4-15-102 and 12-2-112:

Description: **Davidson County – 97.6 +/- Acres with Improvements - 3000 Morgan Road, Joelton, TN – Trans. No. 02-09-010 (LW)**

Purpose: Disposal in Fee of property surplus to agency's need.

Original Cost to State: Gift – Federal Government
\$6,100.00 – Teasley Property

Date of Original Conveyance: September 1961 and October 1963

Grantor Unto State: U. S. Government & Melvin Wayne Teasley

Estimated Sale Price: Pending Appraisal

Grantee: Pending Advertisement

SSC Report: 10-14-02. The sale of this property is subject to possible outstanding bond commitments. Referred to Sub-committee with recommendation.

SC Action: 10-21-02. Charles Garrett summarized the request for disposal in fee of the property. He stated that there were no outstanding State bonds involved in the property and it was surplus to the Agency's needs. Approved. Final action.

DEPARTMENT OF FINANCE & ADMINISTRATION

DISCUSSION ITEM

Discussion regarding a proposed Policy regarding Boundary Dispute Resolution.

SSC Report: 10-14-02. Referred to Sub-committee with recommendation.

SC Action: 10-21-02. Charles Garrett introduced Jurgen Bailey who gave an explanation of the purpose of the policy. Subcommittee concurred with the request to refer to the full Commission for approval. Final action.

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State Building Commission Boundary Dispute Resolution Policy

Whereas, the State of Tennessee owns vast land holdings across the state, and

Whereas, some of the boundaries being conveyed to the state as much as 150 years ago were surveyed using outdated or obsolete surveying techniques, and

Whereas, the State Building Commission desires to establish an equitable policy to handle boundary disputes, encroachments and properties with title conflicts.

Now, therefore, the State Building Commission establishes this policy in settling property disputes.

1. Boundary Dispute Claim

(A) Upon discovery of a boundary dispute claim by a Department or Agency of the State of Tennessee, the following procedures are to be followed:

- 1) If a boundary problem is discovered, the State agency having jurisdiction over the disputed property will have a staff real estate professional investigate the problem.
- 2) The Agency's real estate professional will examine all records, deeds, plats and monumentations to determine the extent of the problem.

- 3) Once the problem has been defined, the Agency will contact and work in conjunction with the Department of Finance and Administration's Office of Real Estate Management (REM) to resolve the dispute.
 - 4) The Office of Real Estate Management will, with any professional consultant deemed necessary, examine the chain of property title and make a determination of what should be the proper property description. The Department of Finance and Administration's Real Estate Management and the State agency having jurisdiction over the property, will devise a potential solution to the problem. Approval to proceed will be required by both agencies before contacting the affected property owner(s).
 - 5) Upon receiving approval, REM will contact all affected property owners and negotiate a boundary line. If there is a significant loss or gain of state property (more than five acres), it will require State Building Commission approval prior to any settlement being reached with affected property owner(s).
 - 6) If property line can be negotiated and a loss or gain of state lands is less than five acres, REM will approve the settlement of the boundary and report the settlement to the State Building Commission at the next scheduled monthly meeting.
 - 7) The Attorney General's Office must approve all deeds of correction or boundary line agreements. All boundary line agreements and new boundary plat retracements will be recorded in the county where the property is located. (Note: Deeds of Correction requires all original signers to re-sign and should only be used on recent acquisitions.)
 - 8) The state agency having jurisdiction over disputed property will pay all surveying, deed preparation and recording fees associated with boundary dispute.
- (B) Upon discovery of a boundary problem by an outside party, the following procedures are to be followed:
- 1) Once a claim has been made by an adjoining property owner against state land, the state department having jurisdiction over the real estate will have a real estate professional from the department contact the property owner to determine the nature and extent of the claim.
 - 2) The Agency representative will document the claim in writing. The property owner must provide legal or credible testimony to support his or her

claim. The burden of proof falls on the claiming property owner to provide evidence that the state's boundary is incorrect.

- 3) The Agency's representative will review the landowner's survey, tax map, deed and deed calls, written and oral testimony provided by reputable sources or other qualified sources of evidence.
- 4) The Agency's representative will review the State's boundary by examination of State's deed and deed calls and surrounding properties. He will also review recording information to determine the most recent survey recorded.
- 5) If the Agency determines in its discretion that the claim has possible merit, then the Agency will contact REM who will review all the documentation presented and make any independent investigation deemed necessary
- 6) The Office of Real Estate Management will conduct an investigation of all the records and testimonies associated with the disputed tract and make a boundary line determination.
- 7) The Agency and REM will attempt to negotiate a boundary agreement with the property owner.
- 8) If it is determined that the State will lose or gain a considerable amount of acreage (more than 5 acres) it must have prior approval by the Agency having jurisdiction over the property, Real Estate Management and the State Building Commission. Any agreements that involve five acres or less can be approved by the Agency and the office of Real Estate Management and will be reported to the State Building Commission at the next scheduled meeting.
- 9) Once a boundary line agreement has been reached and approved, the office of Real Estate Management will have prepared a deed of correction or a boundary line agreement that will be recorded in the county where the property is located. In settling land disputes, sharing of the surveying, deed preparation and recording fees is encouraged by the requesting agency and the affected property owner. The fees may be negotiated by the Agency and the property owner before any work is begun.

DEPARTMENT OF FINANCE AND ADMINISTRATION

R.S. GASS COMPLEX, NASHVILLE, TENNESSEE

- 1) State Architect Michael A. Fitts presented a request for approval of a project and acknowledgment of the source of funding for **Bumpus Hall Demolition** at R.S. Gass Complex, in Nashville, Nashville. He stated that the Tennessee Historical Commission had concerns but, in consideration of the current physical condition of the building that was identified as unsafe by the State Fire Marshal's Office, and the fact that two other buildings of the same period still existed on campus, the Commission did not object to demolition of the facility, contingent upon photographic documentation of the facility in accordance with their recommendations. The Subcommittee approved the request with the understanding that the Historical Commission's recommendations were met.

Estimated Project Cost:	\$250,000.00
<i>SBC Project No.</i>	<i>529/</i>

STATEWIDE

- 1) Mr. Fitts presented a request for approval to allocate \$100,000 of unallocated current funds-capital outlay funds to the previously approved contract for **Commissioning** for the first two-year term. He said that the State Building Commission had previously approved this project with the understanding that the individual work order contracts would be brought to the attention of the Subcommittee prior to initiation by a State agency. He said those contracts would be funded from approved capital projects. He said this request allocates money as a funding source where there is no project fund available and they will still be coming to the Subcommittee with individual work order contracts. He said that the University of Tennessee and Tennessee Board of Regents may elect to put monies in later, but, for the present, would be utilizing individual projects as their funding source. Charles Harrison commented that the intent was to use approximately \$1.5 million annually. Mr. Fitts said he thought that they were in the range of \$2 million annually if the University of Tennessee and Tennessee Board of Regents were included. Treasurer Adams commented that he didn't think there were any new buildings being built. Mr. Fitts said there is the potential for construction of a new prison in the neighborhood of \$107 million as well as a new State office Building for \$35 million.

After discussion, the Subcommittee approved the request as presented.

SBC Project No. 529/000-02-01

DEPARTMENT OF FINANCE AND ADMINISTRATION

LAND ITEM

The University of Tennessee brought forward a request for APPROVAL of the following DISPOSAL by LEASE and SURVEY of interest in real property as required by TCA 4-15-102 and 12-2-112.

Description:	<u>Morgan and Scott Counties – 8,300–8,600 +/- Acres - UT Forestry Experiment Station – Trans. No. 02-07-005 (GM)</u>
Purpose:	Disposal by Lease and Approval of a Request for Proposals to enter into an oil, gas, and coalbed methane lease to cover the lease premises, less and except the existing wells and their associated unit acreage
Term:	Thirty (30) years with one 30 year Option
Consideration:	Pending Appraisal
Lessee:	Pending Advertisement
SSC Report:	10-14-02. Alvin Payne summarized the transaction. Mr. Payne asked for approval of the RFP. It was noted that the Department of Finance and Administration has several outstanding requests for minerals leases. An issue was raised with regard to SBC policy for disposal of mineral rights in accordance with Tennessee law, and the matter was recommended to the Subcommittee for discussion.
SC Action:	10-21-02. Charles Garrett stated that the University of Tennessee had brought up a request to dispose of mineral rights as a source of income for the University. He said the request brings up an issue as to how to handle such requests statewide. He pointed out that State law TCA 12-2-112 has a provision for the State Building Commission to establish policy and procedures for such disposal by rule. Treasurer Adams and Secretary Darnell voiced concerns over the environmental issues, such as strip-mining. Treasurer Adams suggested that they get all the major agencies together that have an interest in the protection of the environment. After further discussion, the Subcommittee directed staff to draft recommended policy and procedures in regard to mineral rights disposals for their review.

STATE BUILDING COMMISSION

MINUTES OF MEETING OF STATE BUILDING COMMISSION

- 1) Approved the Minutes of the State Building Commission Executive Sub-committee meetings held on September 23 and October 10, 2002.

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Following approval of the Consent Agenda, the meeting adjourned at 2:50 p.m.

CONSENT AGENDA

Approved the following real property transactions that have been reviewed and recommended for approval by Sub-Committee staff:

- A. Agency: **University of Tennessee– Knox County**
Transaction: Disposal by Easement
Provision: Provision: Waiver of Advertisement and One (1) Appraisal & Approval of a Right-of-Entry
- B. Agency: **University of Tennessee–Roane County**
Transaction: Disposal by Temporary Easement
Provision: Waiver of Advertisement and One (1) Appraisal & Approval of a Right-of-Entry
- C. Agency: **Mental Health & Development Disabilities–Greene County**
Transaction: Disposal by Easement
Provision: Waiver of Advertisement and Appraisals & Approval of a Right-of-Entry
- D. Agency: **Labor & Workforce Development–Wilson County**
Transaction: Disposal by Lease
- E. Agency: **Environment & Conservation–Franklin County**
Transaction: Disposal by Fee
Provision: Waiver of Advertisement and One (1) Appraisal
- F. Agency: **Tennessee Wildlife Resource Agency–Obion County**
Transaction: Equal Value Exchange
Provision: Waiver of Advertisement, One Appraisal
- G. Agency: **Department of Safety–Sumner County**
Transaction: Lease Agreement
- H. Agency: **Department of Finance & Administration –Carter County**
Transaction: Lease Agreement
- I. Agency: **Department of Finance & Administration –Humphreys County**
Transaction: Lease Agreement
- J. Agency: **Department of Finance & Administration –Bedford County**
Transaction: Disposal in Easement
Provision: Waiver of Advertisement, One Appraisal
- K. Agency: **Department of Finance & Administration –Franklin County**
Transaction: Tims Ford Development Plan

A.

UNIVERSITY OF TENNESSEE

LAND ITEM

Review of a request for APPROVAL of a DISPOSAL by EASEMENT, with WAIVER of ADVERTISEMENT and ONE (1) APPRAISAL, and APPROVAL of a RIGHT-OF-ENTRY, as required by TCA 4-15-201 and 12-2-112:

Description:	<u>Knox County – 0.87 +/- Acres - Mann and Lebanon Street, Knoxville, TN – Trans. No. 02-09-007 (GM)</u>
Purpose:	Disposal by Easement, permanent and temporary, for greenway and sidewalk construction. This greenway will create a safe pedestrian transportation corridor for student residents and their families. Permanent Easement Area: Mann Street – 14,247 Feet and Lebanon Street – 23,841 feet.
Estimated Sale Price:	Pending Appraisal
Grantee:	City of Knoxville
SSC Report:	10-14-02 UT requested waiver of appraisals because the greenway will benefit the students. Referred to Sub-committee for consent agenda.
SC Action:	10-21-02. Approved the transaction as presented. Final action.

B.

UNIVERSITY OF TENNESSEE

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL of TEMPORARY EASEMENT interest in real property with WAIVER of ADVERTISEMENT and APPRAISALS and APPROVAL of a RIGHT-OF-ENTRY, as required by TCA 4-15-102 and 12-2-112.

Description: **Roane County – 3.91 +/- Acres – Oak Ridge National Laboratory, Oak Ridge, TN – Trans. No. 02-10-002 (GM)**

Purpose: Disposal of Temporary Easements for Phase 1 construction related purposes for the UT Center for Advanced Studies at Oak Ridge.

Estimated Sale Price: Grant – State Benefit

Grantee: CMC Construction Co., Inc. – Contractor, Phase 1

Comment: The USDOE is in the process of conveying temporary, Phase 1, construction related easements on DOE property lying outside the 1.71 +/- Acres to the State. Previous Sub-committee action of December 17, 2001 approved the acquisition of the Center for Advanced Studies.

SSC Report: 10-14-02 Referred to Sub-committee for consent agenda.

SC Action: 10-21-02 Approved the transaction as presented. Final action.

C.

DEPARTMENT OF MENTAL HEALTH
& DEVELOPMENTAL DISABILITIES

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL by EASEMENT of interest in real property with WAIVER of ADVERTISEMENT and APPRAISALS, with APPROVAL of RIGHT-OF-ENTRY, as required by TCA 4-15-102 and 12-2-112.

Description: **Greene County – 0.23 +/- Acres Parking Area & 1.75 Mile Long Trail Easement – Greene Valley Developmental Center – Trans. No. 02-08-005 (BM)**

Purpose: Disposal by Easement for Development of a walking trail and parking area for trail users and the Center.

Estimated Sale Price: Grant – Public Purpose and State Benefit

Grantee: City of Tusculum

SSC Report: 10-14-02 Referred to Sub-committee for consent agenda.

SC Action: 10-21-02 Approved the transaction as presented. Final action.

D.

DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL of interest in real property as required by TCA 4-15-102 and 12-2-112:

Description: **Wilson County – 0.25 +/- Acres with Improvement – 328 N. Cumberland Street, Lebanon, TN – Trans. No. 02-09-004 (LW)**

Purpose: Disposal of property and 2,823 square feet office building surplus to agency's need.

Original Cost to State: \$14,100 – Land and \$70,652 - Building

Date of Original
Conveyance: October 1961

Grantor Unto State: Pierce W. Dodson and Ramon T. Davis

Estimated Sale
Price: Pending Appraisal

Grantee: Pending Advertisement

SSC Report: 10-14-02 Referred to Sub-committee for consent agenda.

SC Action: 10-21-02 Approved the transaction as presented. Final action.

E.

DEPARTMENT OF ENVIRONMENT & CONSERVATION

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL of interest in real property with WAIVER of ADVERTISEMENT and ONE (1) APPRAISAL as required by TCA 4-15-102 and 12-2-112:

Description: **Franklin County – 15' Strip – End of Loop Drive – Trans. No. 02-10-003 (BM)**

Purpose: Disposal in Fee to provide access to adjoining owner that is landlocked and surplus to agency's need. The subject property was part of the original TERDA land transfer.

Original Cost to State: \$0.00 – Legislative Action 1996

Date of Original
Conveyance: April 1996

Grantor Unto State: Legislative Mandate

Estimated Sale
Price: Pending Appraisal

Grantee: Mary Jean Parks

SSC Report: 10-14-02 Referred to Sub-committee for consent agenda.

SC Action: 10-21-02 Approved the transaction as presented. Final action.

TENNESSEE WILDLIFE RESOURCE AGENCY

LAND ITEM

Review of a request for APPROVAL of an EQUAL VALUE EXCHANGE with WAIVER of ADVERTISEMENT and ONE (1) APPRAISAL, and to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property:

Description: **Obion County – 1.0 +/- Acres – Reelfoot Lake – Trans. No. 02-09-003 (CH)**

Purpose: Equal Value Exchange to the adjoining property owner for parking purposes.

Source of Funding:

Estimated Cost: Pending Appraisal

Estimated Title, Appraisal and Survey Fees: Pending Bid

Owner(s): James Basham

Comment: The Walnut Log Baptist Church has requested to acquire property around the church thru an equal value exchange of property owned by a third party, James Basham.

SSC Report: 10-14-02 Referred to Sub-committee for consent agenda.

SC Action: 10-21-02 Approved the transaction as presented. Final action.

G.

DEPARTMENT OF SAFETY

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property s required by TCA 12-2-115:

Location: **Sumner County – Highway 31E, Gallatin, TN – Trans. No. 02-03-927 (EN)**

Purpose: To provide office and related space for Driver's License Issuance and Highway Patrol local operations.

Term: June 1, 2003 thru May 31, 2008 (5 yrs.)

Proposed Amount: 5,500 Square Feet

Annual Contract Rent:	\$69,900.00	@\$12.71/sf
Est. Annual Utility Cost:	\$ 7,700.00	@\$ 1.40/sf
Est. Annual Janitorial Cost:	<u>\$ 6,050.00</u>	<u>@\$ 1.10/sf</u>
Total Annual Effective Cost:	\$83,650.00	@\$15.21/sf

Current Amount: 2,880 Square Feet

Annual Contract Rent:	\$31,680.00	@\$11.00/sf
Est. Annual Utility Cost:	\$ 4,032.00	@\$ 1.40/sf
Est. Annual Utility Cost:	<u>\$ 3,168.00</u>	<u>@\$ 1.10/sf</u>
Total Annual Effective Cost:	\$38,880.00	@\$13.50/sf

Type: New Lease – Advertisement Lowest of (5) Proposals from (4) Proposers

FRF Rate: \$13.50 Per Square Foot

Lessor: JDP Properties, Inc.

Comment: The proposed lease provides the following: (1)Lessor will construct a 5,500 net rentable square foot office building including interior tenant improvements at no additional cost to the State, (2) no cancellation during the entire term of the lease except for cause and/or funding, and (3) the State's Option to Purchase.

SSC Report: 10-14-02 Referred to Sub-committee for consent agenda.

SC Action: 10-21-02. Approved the transaction as presented. Final action.

DEPARTMENT OF FINANCE & ADMINISTRATION

LEASE AMENDMENT

Review of a request for APPROVAL of the following LEASE AMENDMENT for the rental of real property as required by TCA 12-2-115:

Location: **Carter County – 206 Cherokee Park Drive, Elizabethton, TN – Trans. No. 02-03-914 (JS)**

Purpose: To provide office and related space for the Department of Safety Driver's License Issuance and the TN Highway Patrol local operations.

Term: May 1, 2003 thru April 30, 2013 (10 yrs.)

Proposed Amount: 16,500 Square Feet

Annual Contract Rent:	\$125,652.00	@ \$ 7.61/sf
Est. Annual Utility Cost:	\$ 23,100.00	@ \$ 1.40/sf
Est. Annual Janitorial Cost:	<u>\$ 18,150.00</u>	<u>@ \$ 1.10/sf</u>
Total Annual Effective Cost:	\$166,902.00	@ \$10.11/sf

Current Amount: 13,000 Square Feet

Annual Contract Rent:	\$ 99,000.00	@ \$ 7.61/sf
Est. Annual Utility Cost:	\$ 18,200.00	@ \$ 1.40/sf
Est. Annual Janitorial Cost:	<u>\$ 14,300.00</u>	<u>@ \$ 1.10/sf</u>
Total Annual Effective Cost:	\$131,500.00	@ \$10.11/sf

Type: Amendment No. 1 – 3,500 Additional Square Feet

FRF Rate: \$10.25 Per Square Foot

Lessor: Kathleen Glover – Current Lessor

Comment: Previous Sub-committee action, July 17, 2002, approved a lease agreement to provide space for the Departments of Human Services and Children's Services. The facility is currently under construction and the Lessor will provide an additional 3,500 square feet of space for the Department of Safety operations at the same rate, term, and conditions. Department of Safety currently occupies 1,200 rentable square feet at \$11,520.00 effective annual cost (\$9.60/sf). This amendment will house the Departments of Human Services, Children's Services and Safety's Driver's License Issuance and TN Highway Patrol operations.

SSC Report: 10-14-02 Referred to Sub-committee for consent agenda.

SC Action: 10-21-02. Approved the transaction as presented. Final action.

DEPARTMENT OF FINANCE & ADMINISTRATION

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: **Humphreys County – 1203 Highway 70 West, Waverly, TN – Trans. No. 02-02-919 (TH)**

Purpose: To provide office and related space for the Departments of Human Services and Children's Services local operations.

Term: June 1, 2003 thru May 31, 2013 (10 yrs.)

Proposed Amount:	<u>7,200 Square Feet</u>		
	Annual Contract Rent:	\$69,900.00	@ \$ 9.71/sf
	Est. Annual Utility Cost:	\$10,080.00	@ \$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 7920.00</u>	<u>@ \$ 1.10/sf</u>
	Total Annual Effective Cost:	\$87,900.00	@ \$12.21/sf

Current Amount:	<u>4,250 Square Feet</u>		
	Annual Contract Rent:	\$37,900.00	@ \$ 8.92/sf
	Est. Annual Utility Cost:	\$ 5,950.00	@ \$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 4,675.00</u>	<u>@ \$ 1.10/sf</u>
	Total Annual Effective Cost:	\$48,525.00	@ \$11.42/sf

Type: New Lease – Advertisement – Lowest of (4) Proposals from (2) Proposers

FRF Rate: \$10.25 Per Square Foot

Lessor: Pedigo-Waverly Properties, LP – Current Lessor

Comment: The proposed lease provides for the following: (1) the Lessor will construct a 2,950 square foot addition to the existing facility including interior tenant build-out at no additional cost to the State and (2) no cancellation during the first five years of the lease term except for cause and/or loss of funding and 180 days notice thereafter.

SSC Report: 10-14-02 Referred to Sub-committee for consent agenda.

SC Action: 10-21-02 Approved the transaction as presented. Final action.

DEPARTMENT OF FINANCE & ADMINISTRATION

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL by EASEMENT, with RIGHT-OF-ENTRY, of interest in real property with WAIVER of ADVERTISEMENT and APPRAISALS, as required by TCA 4-15-102 and 12-2-112.

Description: **Bedford County – 0.17 +/- Acres – Smith Road, Fire Service and Codes Enforcement Academy – Trans. No. 02-10-001 (BM)**

Purpose: Disposal by Easement for installation of natural gas lines along Smith Road

Estimated Sale Price: Grant – Public Purpose

Grantee: Bedford County Utility District

SSC Report: 10-14-02 Referred to Sub-committee for consent agenda.

SC Action: 10-21-02 Approved the transaction as presented. Final action.

DEPARTMENT OF FINANCE & ADMINISTRATION

Review of a request for CLARIFICATION that the PREVIOUS APPROVAL included Approval to Issue the Request for Proposals for the Tims Ford Development Plan.

SSC Report: 03-18-02. Mike Fitts, State Architect, summarized the proposed Development Plan for State owned lands around Tims Ford Lake. He said the State owns the last remaining residential property on the lake comprising approximately 700 acres in five parcels. Mr. Fitts stated that the proposal provides a unique opportunity for the State to influence the quality of life in the area coupled with economic benefit for State and Local Governments. He said that it is proposed that one parcel of the five be identified and a consultant group be brought on to help with the plan for its controlled disposal. He added that this pilot project could become a model for use by other governmental entities. After further review, staff referred to Sub-committee for discussion.

SC Action: 04-02-02. Paul Evan Davis, Department of Environment and Conservation, was recognized and gave an overview of the residential properties owned by the State of Tennessee around Tims Ford Lake. Secretary Darnell asked if the landowner issues had been resolved, and Charles Garrett said that a compromise had been reached. Mike Fitts was recognized and stated that this proposal could provide an enhancement opportunity for quality of life in Tennessee coupled with economic benefits for State and local governments. He said this represents a unique opportunity that could become a model for use by other governmental entities. Treasurer Adams asked about the covenants and restrictions and how they will be placed. Mr. Fitts responded that they would be incorporated as deed restrictions but would be coordinated with the County zoning because enforcement would become the County's responsibility. Monty Adams, Executive Director for Franklin County, was recognized and said that there are similar covenants with many of the existing residential parcels. He said they have countywide zoning and have had experience with the TVA covenants on some of the existing residential lands. Charles Garrett said that they would put out an RFP and developers would respond in accordance with the covenants. Randy McCann of TVA was recognized. He said this proposal should maximize the value more than the number of lots. Secretary Darnell stated that if they were going to sell a block to a developer, would they drive local people out and allow others in. He expressed concern over having a few rich people owning all. Mr. Fitts said he thought the results would be the opposite. He said it would be more of a mixed community oriented concept embracing new urbanism concepts. Comptroller Morgan stated that local government's interest was to maximize the value. Mr. Fitts requested approval of an expenditure of \$125,000 to hire a consultant, with expenses to be paid out of the TERDA proceeds. After discussion, the Subcommittee approved the employment of a consultant to assist in the development of the project at a cost not to exceed \$125,000, and selected Looney Ricks Kiss as the consultant. Paul Evan Davis stated that he would like to express appreciation to Marty Marina, Tennessee Conservation League, who was not present but who first conceived this idea.

SSC Report: 10-14-02 Referred to Sub-committee for consent agenda.

SC Action: 10-21-02. Approved the transaction as presented. Final action.